

Internal Revenue Service
P.O. Box 2508
Cincinnati, OH 45201

Department of the Treasury

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Employer Identification Number:

Contact person - ID number:

Contact telephone number:

Date: September 5, 2013

UIL: 4945.04-04

LEGEND

X= Name
Y= Country
Z= Nationality

Dear :

You asked for advance approval of your scholarship grant procedures under Internal Revenue Code section 4945(g). This approval is required because you are a private foundation that is exempt from federal income tax. You requested approval of your scholarship program to fund the education of certain qualifying students.

Our determination

We approved your procedures for awarding scholarships. Based on the information you submitted, and assuming you will conduct your program as proposed, we determined that your procedures for awarding scholarships meet the requirements of Code section 4945(g)(1). As a result, expenditures you make under these procedures won't be taxable.

Also, awards made under these procedures are scholarship or fellowship grants and are not taxable to the recipients if they use them for qualified tuition and related expenses (subject to the limitations provide in Code section 117(b)).

Description of your request

Your letter indicates you will operate a scholarship program called X.

The purpose of your program is to provide scholarships for students who have a high probability of success to pursue a higher education degree or program in the arts and sciences. Your program will provide qualified expenses to attend a nationally accredited college or university in the United States in the arts and sciences to complete an

undergraduate or graduate degree with a preference for foreign students from Y and of Z descent with a financial need and/or demonstrated past academic success.

The following is the specific criteria that you will use to determine who is eligible for your scholarship program:

- A grade point average of 3.5 or approval by the educational institution based on the student's success in a particular area of study in the arts or sciences.
- A written essay and/or interview to the Board of Directors satisfaction that the student has the ability to succeed in the particular area of the arts and sciences in a nationally accredited educational institution.
- Students must demonstrate a financial need based on income and/or assets. The Board of Directors may set a maximum income or asset level based on the current applicable consumer price index for any given scholarship program
- Any additional criteria set forth which shall substantially lead to selecting candidate students who have demonstrated superior abilities to succeed in the arts or sciences, and have demonstrated a financial need satisfactory to the Board of Directors.

At this time, you do not have specific publicity programs. However, you intend to contact the potential educational institutions that the degree candidates will attend regarding needs for scholarships, fellowships, and other grants opportunities. You intend to make available informational materials at these educational institutions to be provided upon request to eligible candidates.

A completed scholarship package will contain the following:

- An essay and/or personal interview to demonstrate to the scholarship committee that the candidate student will select an undergraduate major in science or medical research field, as well as a likelihood for success in the chosen field.
- An official-sealed high school transcript, to include most recent spring grades.
- A copy of the parent/guardian official verification of income (copy of signed tax return and W-2 form or equivalent from the previous year).
- A written description demonstrating any special circumstance or special need applicant would like to be considered in awarding a scholarship.
- Letters of recommendation (optional).

Scholarships are granted annually. Your scholarship committee will only consider applications received before the deadline. You will follow the following procedure for granting scholarships:

- Upon receipt of a scholarship application, you will review and then forward the application to your scholarship committee.
- The scholarship committee will review the application and solicit recommendations when necessary.
- The committee shall make a determination prior to the beginning of the school year.
- One committee member must sign the original application or facsimile showing determination.
- The committee will send the original application and required signatures to the applicant, describing the committee determination, and informing the applicant of any action recommended or required.
- The Committee will evaluate each application on an individual basis to determine financial need. Student qualifications will be considered after financial need is determined.

The scholarship amounts will depend on the costs to attend the particular college or university. Any such scholarship would be related to the intended goal of the grant, would be a reasonable amount and used for qualified educational expenses such as tuition and fees and course related expenses such as books, supplies and related equipment. To the extent necessary to enable a student to complete their degree, you may provide additional support which does not meet the definition of "qualified education expenses" which are not subject to exclusion from the recipient's income under Internal Revenue Code Section 117. This ruling does not include an approval of such additional support payments.

Scholarship amounts will be dependent on the costs to attend the college or university. The number of scholarships you will grant is estimated to be between 0 and 5 depending on the pool of qualified applicants. You will coordinate with the college or university to determine the pool of qualified candidates. Once the pool of candidates is determined the committee will review the applications to determine who will receive the scholarships. You will determine how many scholarships to award annually by reviewing your overall award of funds to organizations and other qualified educational programs, as well as available funds at the end of your calendar year, and determine the appropriate number of scholarships, fellowships, and grants prior to distributing applications for the applicable year.

Additional financial support may be awarded on a case by case as determined by the Scholarship Committee. The amount of additional support will be reviewed on an annual basis prior to the beginning of the school year by the Scholarship Committee. The Scholarship Committee will review information to determine financial need and whether the additional financial support is reasonable and necessary to enable the student to complete the degree at the college or university. Examples of situations where additional amounts may be awarded include the following:

- Costs for health insurance if the college or university requires the student to have such insurance.

- Costs for room and board if the applicant can show this would impose a financial burden that would prevent them from attending the educational institution.
- Other educational expenses necessary to enable the student to complete the degree at the college or university.

You will require scholarship grant recipients to provide transcripts of his or her grades for each term and maintenance of a certain predetermined grade point average and proof of use of scholarship funds either through verifications from the educational institutions or other means acceptable to the trustees. If the terms for continued scholarship eligibility are violated, you will notify the student by letter within thirty days of discovering violation of the terms of the award. The student will be permitted one appeal by submitting a written essay which explains the circumstances which led to the violation, any corrective action taken and assurance that future violations will not happen. Your Board of Directors will review the written essay and make a determination of the students continued scholarship eligibility.

You will maintain records showing recipients of your scholarships, fellowships, educational loans, or other educational grants, including information used to evaluate potential grantees, names, addresses, purposes of awards, amount of each grant, manner of selection, and relationship (if any) to officers, trustees, or donors of funds to you and all grantee reports and other follow-up data obtained in administering the private foundation's grant program

You will ensure grant funds held by a grantee are used for their intended purposes, and withhold further payments to grantees until you obtain grantees' assurances that future diversions will not occur and that grantees will take extraordinary precautions to prevent future diversions from occurring.

Relatives of members of your selection committee, or your officers, directors, or substantial contributors are not eligible for awards under your program.

Basis for our determination

The law imposes certain excise taxes on the taxable expenditures of private foundations (Code section 4945). A taxable expenditure is any amount a private foundation pays as a grant to an individual for travel, study, or other similar purposes. However, a grant that meets all of the following requirements of Code section 4945(g) is not a taxable expenditure.

- The foundation awards the grant on an objective and nondiscriminatory basis.
- The IRS approves in advance the procedure for awarding the grant.
- The grant is a scholarship or fellowship subject to the provisions of Code section 117(a).
- The grant is to be used for study at an educational organization described in Code section 170(b) (1) (A) (ii).

Other conditions that apply to this determination

- This determination only covers the grant program described above. This approval will apply to succeeding grant programs only if their standards and procedures don't differ significantly from those described in your original request.
- This determination applies only to you. It may not be cited as a precedent.
- You cannot rely on the conclusions in this letter if the facts you provided have changed substantially. You must report any significant changes to your program to the Cincinnati Office of Exempt Organizations at:

Internal Revenue Service
Exempt Organizations Determinations

- You cannot award grants to your creators, officers, directors, trustees, foundation managers, or members of selection committees or their relatives.
- All funds distributed to individuals must be made on a charitable basis and further the purposes of your organization. You cannot award grants for a purpose that is inconsistent with Code section 170(c) (2) (B).
- You should keep adequate records and case histories so that you can substantiate your grant distributions with the IRS if necessary.

Please keep a copy of this letter in your records.

If you have questions, please contact the person listed at the top of this letter.

Sincerely,

Kenneth Corbin
Acting Director, Exempt Organizations

Enclosures:
Notice 437
A copy of the redacted letter